

Chapter 8

Blue Ocean Strategy as a Framework for Business Innovation in China and Spain: A Summative Content Analysis of Innovation Initiatives and Value Propositions

María Guijarro-García

ESIC Business and Marketing School, Spain

Agustín Carrilero-Castillo

ESIC Business and Marketing School, Spain

José Fernando Gallego-Nicholls

 <https://orcid.org/0000-0001-6249-4219>

ESIC Business and Marketing School, Spain

ABSTRACT

The authors conducted summative content analysis on reported innovation initiatives indexed in the Web of Science for Spain and China from 2015 to 2019 to identify Blue Ocean Strategy dimensions and to analyze the national innovation systems of both countries using Hofstede's cultural dimensions of long-term orientation and uncertainty avoidance, to explain the influence of culture on innovation initiatives. The studies analyzed report structural and industry-level innovation proposals and programs that recommend elimination, reduction, raising, and creation. This chapter raises awareness among decision makers and legislators about the importance of cultural traits, and underscores four actions to undertake innovation initiatives, policies, legislation, and proposals. The chapter contributes to managerial practice by signaling a path to innovate incrementally, and contributes to researchers by establishing a baseline on the linkage between innovation, culture, and strategy. Authors also recommend areas for future research.

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INTRODUCTION

One of the most salient characteristics of the current global markets and business environment is ongoing innovation and increasing competition (Majava, Leviäkangas, Kinnunen, Kess & Foit, 2016), in a wide array of industries, economic sectors and markets, including B2B (Sharma & Jha, 2016). Such scenario transcends businesses and puts pressure even on urban competitiveness (Sáez & Perianez, 2015), academia (Kesting, Gerstlberger & Baaken, 2018), and on established firms as new competitors enter (Hasenpusch & Baumann, 2017). In addition, technology has helped boost competition in traditional industries, such as banking (Románova & Kudinska, 2016). This context poses challenges to firms ranging from designing new business models (Rajapathirana, Jayani & Hui, 2017) to seeking and finding new sources of growth (Sharma & Jha, 2016; Majava, et al., 2018).

One important source of growth for firms and countries has been market liberalization. Concurrently as it has opened doors to new business opportunities, it has also added organizational complexity (Strasser, *et al.*, 2015) and operational uncertainty (Roald, *et al.*, 2017), as well as strain within family firms (Banalieva, et al., 2015) and given raise to dissenting opinions on topics widely agreed on before, such as human-caused climate change (Cook & Lewandowsky, 2016; Thyroff & Kilbourne, 2017). As the availability of business opportunities has risen thanks to globalization, so has competition (Price et al., 2015; Kouhia et al., 2015; Toppinen et al., 2017; Wahab et al., 2016) and, to some extent more recently, disguised protectionism amid the reduction of barriers to international trade of past decades, and the length and recurrence of international trade disputes in the World Trade Organization (Kim, 2016). Consequently, companies worldwide have seen the need to adapt to a fiercely competitive environment, technological advances, the ever-increasing free flow of information, and the evolution of manufacturing (Esmaeilian *et al.*, 2016), in order to grow or to remain afloat. In consequence, market liberalization apparently has been a key driver to increasing competition and competitiveness across several business sectors and geographical regions (Ciarreta et al., 2016; Fu et al., 2015; Bošković & Bugarinović, 2015). This surge in competition has pushed for a need to boost firms' competitiveness through innovation in order to ensure business survival (Hyytinen et al., 2015).

This chapter intends to report and classify the advances in innovation aimed at promoting competitiveness through elimination, raising, reduction and creation (ERRC Matrix) (Kim & Mauborgne, 2014) within Chinese and Spanish well-established firms, and analyze their National Innovation Systems and the findings from the articles through Hofstede's cultural dimensions of uncertainty avoidance and long-term orientation. The authors analyzed 17 research articles published in journals indexed in the Web of Science from 2015 to 2019. First, this chapter espouses the framing underlying theories and the methodology employed for the analysis. Then it presents the innovation systems in China and in Spain since the year 2000 and subsequently it establishes 9 questions, analyzes the search results and answers the questions. Finally, the authors discuss, draw conclusions, and present practical managerial significance and limitations to the study, and suggest further research opportunities.

BACKGROUND

Agarwal defines established firms as those that are “either public, or have more than 100 employees, or are more than five years old” (Agarwal et al., 2009, p. 251). The authors circumscribe the study to firms in China and Spain whose innovation initiatives are reported in the articles indexed in the Web

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